



PUBLIC SCHOOL OPEN ENROLLMENT INFORMATIONAL BULLETIN

Bulletin 98-05 Revised

September 1998

Membership Reporting and Finance Issues for Public School Open Enrollment

I. September and January Membership Reports

Students participating in open enrollment are counted in membership and reported as follows:

- The student's *resident school district* continues to count the student as a member for both revenue limit and state aid purposes. The student is reported on the membership report as a resident student in the same manner as all other resident students, as follows:

Report Year 99						
PUPIL COUNT					Resident	Non-Resident
1	PCW	410 001	001/002	3-Year-Old EEN		
2	PCW	410 002	001/002	4-Year-Old K-EEN/437 Hrs		
3	PCW	410 003	001/002	4-Year-Old K-EEN/524.5 Hrs		
4	PCW	410 004	001/002	5-Year-Old K-EEN/.5 Day		
5	PCW	410 005	001/002	5-Year-Old K-EEN/3 Day		
6	PCW	410 006	001/002	5-Year-Old K-EEN/4 Day		
7	PCW	410 007	001/002	5-Year-Old K-EEN/5 Day		
8	PCW	410 008	001/002	Grades 1-12-EEN		
9	PCW	410 009	001/002	TOTAL SEPTEMBER/JANUARY COUNT		

- The *nonresident school district* reports the student in the nonresident column, as shown above. The nonresident school district does not count the student as a member for either state aid or revenue limits.
- The student is counted in the grade level and/or program that the student is attending in the nonresident school district. For example:
 - The resident school district does not have a 4-year-old kindergarten program. The student is attending a 4-year-old kindergarten program in the nonresident school district. Even though the resident district does not have this program, the student is reported on either line 2 (4-year-old K-EEN/437 Hrs) or line 3 (4-year-old K-EEN/524.5 Hrs) depending on which type of program the student is attending. The resident district reports the student in column 1 and the nonresident district reports the student in column 2.

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- The resident school district operates only a full-day 5-year-old kindergarten program and the student open enrolls to a district for a half-day 5-year-old kindergarten program. The resident district reports the student as a half-time student on line 4, column 1; and the nonresident district reports the student on line 4, column 2.

Some Common Questions:

1. How is the resident school district to determine whether the student was actually in attendance in the nonresident district on the third Friday?

It is recommended that the resident and nonresident districts contact each other to exchange this information. (If each nonresident district were to send a listing to each resident district of the students in attendance on the third Friday, this exchange would be accomplished.)

2. If a student begins school in a nonresident district under open enrollment and returns to school in the resident district, how is the student reported?

Each district reports the student's status as of the third Friday in September and the second Friday in January. That is, the resident district continues to count the student as a resident student. If the student returned to the resident district prior to the count date, the nonresident district does not report the student at all. If the student was in attendance on the count date (or any day prior to and any day following the count date), the nonresident district reports the student in the nonresident column.

3. If a student begins school in a nonresident school district under open enrollment and then moves out of the resident district, how is the student reported?

- If the student moves out of the resident district into the nonresident district, the student is counted as a resident by the district in which the student is residing as of the count date. Once the student moves to the nonresident school district, the student is no longer an open enrollment student.
- If the student moves out of the resident district (District A) to a new district (District C) while continuing to attend the nonresident district (District B), District A continues to count the student as a resident as long as the student continues to attend District B. District C will count the student as a resident student in the following school year.
- If the student moves out of the resident district (District A) to a new district (District C), and attends District C, each district reports the student according to the student's status on the count date. That is, if the student is residing in District A and attending District B on the count date, District A reports the student as a resident student and District B reports the student as a nonresident student. If the student is residing in and attending District C on the count date, District C counts the student as a resident student and neither District A nor District B report the student at all.

4. How is the student reported and counted if the student attends summer school?

If the student attends summer school, the *resident district* may count the summer school FTE in its membership report. The nonresident district must notify the resident district of the number of hours of summer school instruction for which the student was enrolled.

5. Are part-time open enrollment students included on the January and September membership reports?

There is no separate membership reporting for students participating in part-time open enrollment. The resident district counts the student in membership and the nonresident district does not report the student on a membership report at all. There is a table on the membership report titled "Private School / Home-Based Part-Time Attendance Grades 9-12." This table is for reporting residents of the district who are enrolled in private schools or home based programs and who take one or two high school courses in the resident district (see sec. 118.145 (4), Wis. Stats.) and is not used to report any open enrollment students.

6. What kinds of records must the resident school district maintain? Must the resident district assign the student to a school or a class for record-keeping purposes?

The resident school district should maintain auditable records to show that the student is a resident of the district attending a nonresident district. At a minimum, the school district must have a copy of the student's open enrollment application form and some type of registration form on file in the district (this may be an abbreviated form containing only information essential for the membership reporting). Whether the district assigns the student to a school or class or how it designates the student as an open enrollment student in its records or data base is a function of the school district's enrollment and attendance software and the district should work with the software vendor to consider this issue. It is recommended that there be a way for the district to designate students as open enrollment students in its records or data base.

7. Which school district is responsible for maintaining attendance records and reporting average daily membership and average daily attendance?

The nonresident school district should maintain attendance records in the same manner that it monitors attendance for all the students who attend the school district. However, the resident school district must include the student's enrollment and attendance in the aggregate days of enrollment and aggregate days of attendance tables in the annual report. The nonresident school district must notify the resident school district of each student's days of enrollment and days of attendance at the end of the school year. A good time to do this would be with the June 30 report of new and continuing open enrollment students for the following school year.

II. Open Enrollment Aid Adjustments and Tuition

Regular Education Students - DPI Makes the Payment of Behalf of the School Districts

- A state-set pupil transfer amount (\$4,551 estimated for the 1998-99 school year) will "follow" each regular education student from the resident school district to the nonresident school district. This "payment" will be made by the DPI to the nonresident school district on behalf of the resident school district and will be accomplished by reducing the resident school district's final state equalization aid payment (in June) by \$4,551 for each student that transfers out and increasing the nonresident school district's final state equalization aid payment by the same amount for each student that transfers into the school district.

- The resident school district will account for this payment as an expenditure for "purchased instructional services" (even though no actual "payment" is made by the resident district to the nonresident district), as follows:

Function 435 000 Object 382 General Program Tuition - Open Enrollment

- The nonresident school district will account for this payment as a tuition revenue (even though no actual "payment" will be received from the resident district), as follows:

Revenue Source 345 General Instructional Programs - Open Enrollment

- If the student is enrolled in 4-year-old kindergarten or 5-year-old kindergarten, the pupil transfer amount will be adjusted in the same manner as membership is adjusted. For example, the payment for a 5-year-kindergarten student in a half day program would be $\$4,551 \times .5 = \$2,275$. The payment for a 4-year-old kindergarten student in a program that provides 524.5 hours would be $\$4,551 \times .6 = \$2,731$.
- If the student ceases to be an open enrollment student during the school year (for example: by returning to the resident district; by moving to and enrolling in a third district or out of state, or by enrolling in a private school or home-based program), the payment will be prorated on a daily basis. For example, if the student attended a nonresident school district under open enrollment for 30 days out of a school year that consists of 180 days, and then returned to the resident district, the payment would be $\$4,551 \times (30 / 180) = \758 .

Some Common Questions:**1. How will the DPI determine the number of students for whom to increase or decrease the aid payment?**

For each count date, using data that has been reported by school districts, the DPI will generate a listing of transfers in and transfers out for each school district to review and verify or correct. The DPI will make all the corrections and send a corrected listing to each school district including a calculation of the aid transfers.

2. How will adjustments (due to students returning to their resident districts, etc.) be accomplished?

When a student ceases to attend a nonresident school district, the nonresident school district should notify the resident school district and the DPI of the date the student ceased to attend the nonresident district, the number of school days the student was enrolled in the nonresident district and the total number of school days in the nonresident school district. The DPI will then update the data base so that the aid transfer will be adjusted accordingly.

3. If the educational costs in the nonresident district are actually \$9,000 per regular education student, will the nonresident district receive an additional amount of aid to account for the amount above \$4,551?

No. With the exception of special education, there is no provision in the statutes for additional payments.

4. If the student needs special services other than special education under subch. V, sec. 115, Wis. Stats., (such as section 504 accommodations), will the nonresident school district receive additional compensation for those costs that are greater than \$4,551?

No. The statute provides for reimbursement of specific costs only for special education.

5. What happens if amount of equalization aid the resident district is to receive is not sufficient to cover the pupil transfer amount?

Other state aids will be reduced.

6. What if that is still not enough?

The state will pay the difference through the state tuition appropriation.

Special Education Students - The Resident School District Pays Tuition Directly to the Nonresident School District

- If the student is receiving special education, the resident school district pays tuition directly to the nonresident school district. This tuition payment is instead of the \$4,551 pupil transfer amount that applies to regular education students; it is not in addition to the \$4,551.
 - The resident school district will account for this payment as an expenditure for “purchased instructional services”, as follows:

Function 437 000 Object 382 Special Curriculum Tuition - Open Enrollment

- The nonresident school district will account for this payment as a tuition revenue, as follows:

Revenue Source 347 Special Curriculum Programs - Open Enrollment

- The tuition amount is equal to one of the following:
 - *Full tuition calculated according to s. 121.83, Wis. Stats.* - This is the same tuition calculation that school districts have always used for tuition agreements between school districts. The nonresident district calculates its regular education daily tuition rate and also the special education tuition rate. The tuition worksheets can be found at the DPI's School Finance Team website at www.dpi.state.wi.us/dpi/dfm/sfms/tuition.html

or

- *An amount agreed to by the school boards of the two school districts.* One method that a number of school districts have used to calculate an alternative to the full tuition amount is to use the regular education pupil transfer amount of \$4,551 in lieu of the daily tuition rate and then to add actual school district special education costs to that amount. For students needing minimal special education services, this generally yields a lower cost to the resident school district.

Some Common Questions:

1. Which school district counts the student in the federal child count and receives federal aid?

The resident school district.

2. Which school district receives state categorical aid for the student?

The nonresident school district claims the state handicapped education categorical aid and then rebates a pro-rated portion of the aid back to the resident school district.

3. If the student attends a CHCEB under open enrollment, which school district pays the tuition to the CHCEB?

The nonresident school district pays the tuition to the CHCEB and bills the amount back to the resident school district. If the resident school district does not participate in the CHCEB for that program, the CHCEB must ensure that the tuition calculation includes the portion of the CHCEB cost that is included on county tax levy.

4. If the student's IEP requires transportation, the nonresident school district is required to provide it. Does this mean that the nonresident school district must pay the cost of the transportation?

No, the cost of the transportation is billed back to the resident school district as part of the tuition calculation.

5. May the nonresident school district increase its revenue limit for a transfer of service as a result of the open enrollment of a student who needs special education?

No. Since the resident school district is still financially responsible for the student's special education and pays tuition to the nonresident school district and since that tuition is outside the revenue limits, there is no need to increase the school district's revenue limit to pay for the costs of the special education.

III. Equalization Aid and Revenue Limits

Section 118.51 (16) (d), Wis. Stats., requires the DPI to ensure that the open enrollment aid adjustment does not affect the amount determined to be received by a school district as state aid for any other purpose. This means that:

- The nonresident school district is not required to reduce its levy by the amount of the aid adjustment.
- The resident school district is not permitted to increase its levy by the amount of the aid adjustment.
- The nonresident school district must treat the amount of the aid adjustment as a deductible receipt in the calculation of equalization aid.

Some Common Questions:**1. What membership figure should school districts use to calculate the revenue limit?**

Nothing has changed about determining this figure. For the 1998-99 revenue limit, each school district uses the third Friday *membership*, as calculated from the third Friday report, plus 20% of the summer school FTE.

2. May a school district count open enrollment nonresident students for either equalization aid or for the revenue limit computation?

No. Only the resident school district counts open enrollment students for state aid and revenue limits.

3. May a resident school district count open enrollment students who attend school in other school districts for state aid and revenue limits?

Yes, resident students attending other school districts under open enrollment are counted for both state aid and revenue limits.

4. What membership will be used to calculate a school district's equalization aid?

Again, nothing has changed about this calculation. Equalization aid membership will be equal to the average of the third Friday in September and the second Friday in January memberships, plus the summer school FTE, home-based and private dual enrollment FTE, and the group/foster home adjustment. Be sure to include all your resident students attending other school districts under open enrollment in your September and January membership reports.

5. Will the October 15 aid certification reflect the open enrollment aid adjustments?

No. The open enrollment aid adjustments, do not affect the calculation of a school district's equalization aid eligibility for any purpose except for open enrollment. Therefore, the aid adjustments will be treated as payment for services from one school district to another (made administratively by the DPI on behalf of the resident school district) rather than a change in the state aid amount certified for revenue limit purposes. This means that a district may actually receive either more or less actual state aid than the amount certified on October 1. This means that the resident school district should be sure to budget the open enrollment aid adjustment as an expenditure, since it will not be permitted to increase its tax levy to make up for any negative aid adjustment.

6. How does open enrollment affect equalization aid?

Open enrollment does not change the calculation of a school district's equalization aid eligibility, so the amount of equalization aid revenue recorded by the district is not affected by open enrollment transactions. The aid adjustments made by DPI are considered payments made by DPI to nonresident districts on behalf of resident districts and are recorded as "tuition revenue" by the nonresident district and as "purchased instructional services" costs by the resident district.

The DPI recommends that the district record the full October 15 certified aid as a receivable due from the state as an accounting journal entry, by making a credit entry to source account 621 and an offsetting debit entry to balance sheet account 715 000 "Due from Other Governments." A sub-account in the 715 000 series may be used to specifically identify the receivable. As payments are received, the receivable account is reduced (credited). This process will identify on the district's ledger, the amount due the district for equalization aid.

7. How does the school district calculate its tax levy?

Again, nothing has changed about this calculation. The school district will calculate its total allowable revenue and will subtract the amount of aid that the Department certifies to the school district on October 15 to determine the levy.

8. How will the open enrollment pupil transfer amount be paid?

The DPI will make payments to the nonresident school district on behalf of the resident school district for regular education students. The DPI will use a portion of the resident school district's equalization aid entitlement to make the payment. This does not apply to students receiving special education; instead, the resident school district will pay tuition directly to the nonresident school district.

IV. Example

Membership Data:	Resident		Nonresident
	Non-OE students	OE transfers out	OE transfers in
Total Enrollment			
• 4-year-old kindergarten, 524.5 hours	0	3	0
• half-day 5-year-old kindergarten	20	0	2
• full-day 5-year-old kindergarten	18	4	5
• grades 1-12	690	8	16
• special education, grades 1-12	<u>N/A</u>	<u>3</u>	<u>2</u>
Totals	728	18	25
Total September (or January) Resident Enrollment = 728 + 18 = 746			
Summer School FTE	5		

Prior Year Revenue Limit Membership = 740
Prior Prior Year Revenue Limit Membership = 734

Financial Data:

Revenue per Member (to be used to calculate total school district revenue)	7,000
Total Equalization Aid Eligibility	2,625,000
Special Education Tuition for 2 Incoming OE Students	15,000
Special Education Tuition for 3 Outgoing OE Students	21,000

The district will *receive checks* from other school districts for the 2 incoming special education students.
The district will *send checks* to other school districts for the 3 outgoing special education students.

Third Friday Membership Reports: This is how the membership report will look.

Report Year		99			PUPIL COUNT	Resident	Non-Resdnt
1	PCW	410 001	001/002	3-Year-Old EEN			
2	PCW	410 002	001/002	4-Year-Old K-EEN/437 Hrs			
3	PCW	410 003	001/002	4-Year-Old K-EEN/524.5 Hrs		3	
4	PCW	410 004	001/002	5-Year-Old K-EEN/.5 Day		20	2
5	PCW	410 005	001/002	5-Year-Old K-EEN/3 Day			
6	PCW	410 006	001/002	5-Year-Old K-EEN/4 Day			
7	PCW	410 007	001/002	5-Year-Old K-EEN/5 Day		22	5
8	PCW	410 008	001/002	Grades 1-12-EEN		701	18
9	PCW	410 009	001/002	TOTAL SEPTEMBER COUNT		746	25

**Revenue Limit Calculation - Based on Third Friday Resident Membership + 20% Summer FTE
(No Change from Current Law Calculation)**

September Membership		Prior Prior Year Rev. Limit Membership	734
• 20 @ .5 = 10	10	Prior Year Rev. Limit Membership	740
• 3 @ .6 = 1.8	2	Current Year Rev. Limit Membership	<u>736</u>
• 723 @ 1 = 723	<u>723</u>	3-year-average	737
Total	735	x Revenue/Member	<u>x 7,000</u>
Summer FTE x .2 (5 x .2)	<u>1</u>	= Total Revenue	5,159,000
Current Year Revenue Lim. Membership	736	- Equalization Aid	=
		= Levy	<u>2,625,000</u>
			2,534,000

Pupil Transfer Amount (Aid Adjustment Calculation) : This is how the open enrollment aid adjustment will be calculated.

	Students Transferring In		Students Transferring Out	
Regular Education Students @ .5	2 x .5 x 4,551			
Regular Education Students @ .6			3 x .6 x 4,551	8,192
Regular Education Students @ 1	21 x 4,551	95,571	12 x 4,551	54,612
Total	Increase	100,122	Decrease	62,804
Net Aid Adjustment (June) = 100,122 - 62,804 = 37,318				

Accounting: This is how the school district will make its accounting entries.

Revenues		Expenditures			Balance Sheet	
Source 621	2,625,000				715 000	2,625,000
Source 345	100,122	Function 435 000	Object 382	62,804		
Source 347	15,000	Function 437 000	Object 382	21,000		

- The credit entry in Source 621 (equalization aid) is equal to the amount of equalization certified by the Department on October 15. This is accompanied by an offsetting debit entry to the balance sheet account 715 000 (Due from Other Governments).
- The source 345 entry (General Instructional Programs - Open Enrollment) is made by the nonresident school district and is equal to the total pupil transfer amount (positive aid adjustment) for all regular education open enrollment students who are transferring into the school district.
- The source 347 entry (Special Curriculum Programs - Open Enrollment) is made by the nonresident school district and is equal to the total amount of tuition received by the nonresident school district for open enrollment students receiving special education who are transferring into the district.
- The Function 435 000 Object 382 entry (General Program Tuition - Open Enrollment) is made by the resident school district and is equal to the total pupil transfer amount (negative aid adjustment) for all regular education open enrollment students who are transferring out of the school district.
- The Function 437 000 Object 382 entry (Special Curriculum Tuition - Open Enrollment) is made the resident school district for all open enrollment students receiving special education who are transferring out of the district.